

Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

March 2006

Cheddar Cheese and Grade A Butter Commodity Prices Fall . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and Grade A Butter decreased compared to last month. Consequently, the prices for all types of milk decreased compared to last month: whole milk decreased five and seven tenths cents per gallon; reduced fat milk decreased five and one tenth cents per gallon; lowfat milk decreased four and seven tenths cents per gallon; and skim milk decreased three and five tenths cents per gallon.

Milk production across the U.S. continues to be strong and show increases compared to last year. California milk production is also higher than last year at this time. The combination of higher milk production and lackluster beverage milk sales helped dairy product production rise. Processors moved a lot of the surplus milk production to butter and nonfat powder production. The Easter season sales period should account for much of the recent butter production. Cheese sales at the retail level have been flat and beverage milk sales have also started the year flat.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

*See lowest reported lawful retail milk prices on page 2.

Minimum Prices for the Four Types of Fluid Milk by Container Size for April 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole Milk	\$1.077	\$0.539	\$0.269	\$0.135	\$0.090	\$0.067
Reduced Fat (2%)	\$0.997	\$0.498	\$0.249	\$0.125	\$0.083	\$0.062
Lowfat (1%)	\$0.951	\$0.476	\$0.238	\$0.119	\$0.079	\$0.059
Nonfat (Skim)	\$0.725	\$0.362	\$0.181	\$0.091	\$0.060	\$0.045
Southern California						
Whole Milk	\$1.101	\$0.550	\$0.275	\$0.138	\$0.092	\$0.069
Reduced Fat (2%)	\$1.020	\$0.510	\$0.255	\$0.128	\$0.085	\$0.064
Lowfat (1%)	\$0.975	\$0.488	\$0.244	\$0.122	\$0.081	\$0.061
Nonfat (Skim)	\$0.749	\$0.374	\$0.187	\$0.094	\$0.062	\$0.047

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.057 ↓	\$0.028 ↓	\$0.014 ↓	\$0.007 ↓	\$0.005 ↓	\$0.004 ↓
Reduced Fat (2%)	\$0.051 ↓	\$0.025 ↓	\$0.013 ↓	\$0.006 ↓	\$0.004 ↓	\$0.003 ↓
Lowfat (1%)	\$0.047 ↓	\$0.024 ↓	\$0.012 ↓	\$0.006 ↓	\$0.004 ↓	\$0.003 ↓
Nonfat (Skim)	\$0.035 ↓	\$0.018 ↓	\$0.009 ↓	\$0.004 ↓	\$0.003 ↓	\$0.002 ↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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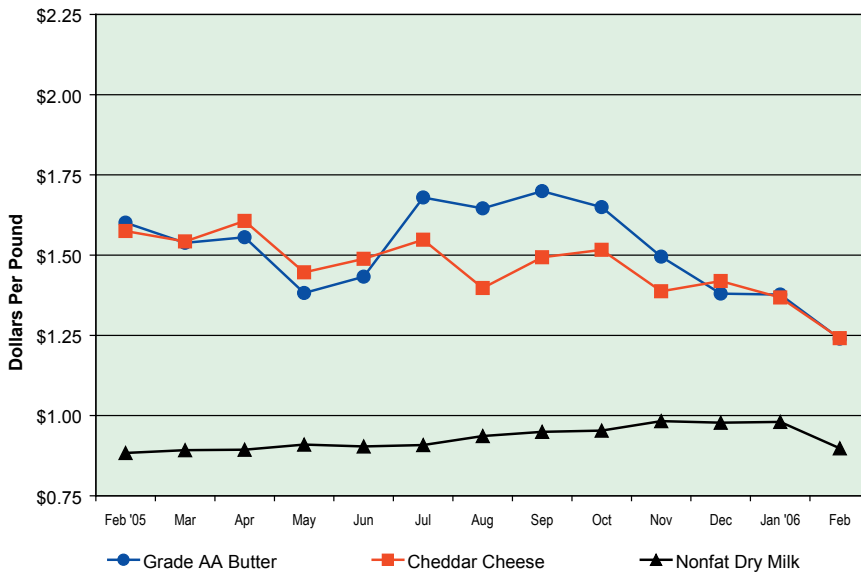
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
April '05	\$0.21	\$1.50	\$0.57
May	\$0.21	\$1.50	\$0.57
June	\$0.21	\$1.40	\$0.54
July	\$0.21	\$1.40	\$0.54
August	\$0.22	\$1.49	\$0.57
September	\$0.22	\$1.49	\$0.57
October	\$0.23	\$1.59	\$0.61
November	\$0.23	\$1.59	\$0.61
December	\$0.23	\$1.50	\$0.58
January '06	\$0.23	\$1.50	\$0.58
February	\$0.22	\$1.35	\$0.52

National Commodity Prices February 2005 - February 2006



Lowest Reported Lawful Retail Prices for Milk March 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.39	\$2.20
Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.19	\$2.10
2% Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.33	\$1.67

This newsletter can also be found on our website at:
www.cdffa.gov/dairy/milkpricing-nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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